
HOUSE BILL 3262

State of Washington 59th Legislature 2006 Regular Session

By Representatives Springer, Clibborn and Ericks

Read first time 01/30/2006. Referred to Committee on Local Government.

1 AN ACT Relating to annexation capital facilities districts;
2 amending RCW 84.52.043; adding a new chapter to Title 35 RCW; and
3 providing a contingent effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that it is in the
6 interests of the people of the state of Washington to be able to
7 establish annexation capital facilities districts as municipal
8 corporations and independent taxing units to facilitate the annexation
9 of unincorporated areas that lie within designated urban growth areas.
10 The legislature intends that these municipal corporations act in
11 cooperation with an annexing city and the county or counties in which
12 they are located in order to facilitate annexation by cooperating in
13 the construction, improvement, operation, and maintenance of capital
14 facilities within the district. This authority is intended to work in
15 conjunction with the authority granted under chapter . . . (House Bill
16 No. . . . (H-4482.1/06)), Laws of 2006 to apply real estate excise tax
17 revenues to other costs of annexation.

1 NEW SECTION. **Sec. 2.** The definitions in this section apply
2 throughout this chapter unless the context clearly requires otherwise.

3 (1) "Annexation capital facilities" means the capital facilities,
4 including any real and personal property including, but not limited to,
5 land, easements, buildings, site improvements, equipment, furnishings,
6 collections, water supply, treatment and transmission facilities,
7 wastewater and storm water collection and transmission facilities,
8 other utility facilities and all necessary costs related to their
9 acquisition, financing, design, construction, equipping, remodeling,
10 and demolition or removal of existing facilities, described in the
11 capital facilities plan adopted by an annexing city and submitted to
12 the county or counties as part of a proposal to create an annexation
13 capital facilities district under section 4 of this act.

14 (2) "Annexation capital facilities plan" means the plan for
15 annexation capital facilities submitted by an annexing city as part of
16 a proposal to form an annexation capital facilities district and
17 approved by the voters of the district under this chapter.

18 (3) "Annexing city" means a city of any class or a code city
19 located in King, Pierce, or Snohomish county that adopts a resolution
20 under section 4 of this act for the creation of an annexation capital
21 facilities district.

22 NEW SECTION. **Sec. 3.** (1) An annexation capital facilities
23 district formed under this chapter is a municipal corporation and
24 independent taxing authority within the meaning of Article VII, section
25 1 of the state Constitution, and a taxing district within the meaning
26 of Article VII, section 2 of the state Constitution.

27 (2) An annexation capital facilities district may include all or a
28 portion of the territory located in an unincorporated portion of one or
29 more counties and within the annexing city's urban growth area
30 designated pursuant to RCW 36.70A.110. The creation of an annexation
31 capital facilities district is not subject to review by a boundary
32 review board under chapter 36.93 RCW.

33 NEW SECTION. **Sec. 4.** (1) An annexation capital facilities
34 district may be created for the purpose of carrying out all or a part
35 of the annexation capital facilities plan submitted by an annexing city
36 and approved by the voters pursuant to this chapter, and for funding

1 the operation and maintenance of those capital facilities improvements.
2 An annexing city shall pay the costs of an election held under this
3 section.

4 (2) The legislative authority of a county or counties shall submit
5 a ballot proposition to create an annexation capital facilities
6 district to the voters of that proposed district upon an annexing
7 city's submission to the county legislative authority or authorities of
8 a request that includes:

9 (a) A resolution of the legislative authority of the annexing city
10 proposing the formation of the district, describing its boundaries, and
11 stating the number of voters residing in the area, as nearly as may be
12 determined; and

13 (b) An annexation capital facilities plan adopted by the annexing
14 city. The plan may be comprised in whole or in part by reference to
15 the capital facilities element of the city's comprehensive plan
16 prepared and adopted under chapter 36.70A RCW.

17 (3) The ballot proposition under this section must be submitted to
18 the voters of the proposed district at a general or special election
19 occurring at least forty-five days, but not more than one hundred
20 eighty days, following the adoption of the annexing city's resolution.
21 The proposition must be a single ballot proposition on the question of
22 whether the district shall be formed that is governed and possesses the
23 powers described in this chapter to carry out the proposed annexation
24 capital facilities plan. The ballot proposition must be prepared by
25 the city attorney for the annexing city in conformance with the
26 requirements for local ballot measures under RCW 29A.36.071. A simple
27 majority of those voting on the proposition is required for passage.

28 (4) An annexation capital facilities district is governed by a
29 board of directors consisting of five members nominated by the annexing
30 city and appointed by the legislative authority of the county. If any
31 city nominee is rejected or any vacancy occurs, the annexing city shall
32 submit additional nominees for the position until one is appointed by
33 the county legislative authority. The members serve four-year terms.
34 Of the initial members, one must be appointed for a one-year term, one
35 must be appointed for a two-year term, one must be appointed for a
36 three-year term, and the remainder must be appointed for four-year
37 terms.

1 (5) No direct or collateral attack on any annexation capital
2 facilities district authorized or created in conformance with this
3 chapter may be commenced later than thirty days after the certification
4 of election results creating a district under this section.
5 Notwithstanding any provision of a city or county charter or other law,
6 action taken under this chapter may not be subject to local referendum
7 or be the subject of a local initiative.

8 NEW SECTION. **Sec. 5.** (1) An annexation capital facilities
9 district shall constitute a body corporate and possess all the usual
10 powers of a municipal corporation as well as all other powers that may
11 now or hereafter be specifically conferred by statute including, but
12 not limited to, the power to enter into contracts, to sue and be sued,
13 and take all other actions necessary and appropriate to carry out the
14 annexation capital facilities plan and the continued operation and
15 maintenance of such capital facilities and improvements described in
16 the plan. An annexation capital facilities district does not have the
17 power of eminent domain.

18 (2) The governing body of the annexation capital facilities
19 district may contract with a county or the annexing city to carry out
20 any of its functions, including but not limited to the design,
21 administration of construction, operation, and maintenance of
22 annexation capital facilities, and may accept gifts or grants of money
23 or property of any kind for district purposes. Legal title to
24 annexation capital facilities acquired or constructed pursuant to this
25 chapter may be transferred, acquired, or held by the annexation capital
26 facilities district or by the county or annexing city. However, an
27 annexation capital facilities district shall provide by contract with
28 the annexing city that upon annexation, any annexation capital
29 facilities owned, operated, or otherwise held by the district must be
30 transferred to the city.

31 (3) An annexation capital facilities district shall contract no new
32 obligations relating to the financing of additional annexation capital
33 facilities after the effective date of the annexation of the territory
34 within the boundaries of the district into the annexing city.

35 (4) An annexation capital facilities district may enter into
36 contracts with any city or town for the purpose of exercising any
37 powers of a community renewal agency under chapter 35.81 RCW.

1 NEW SECTION. **Sec. 6.** (1) An annexation capital facilities
2 district may impose:

3 (a) Any charge or fee that the annexing city would be authorized by
4 statute to impose for the use of, or service received from, the
5 annexation capital facilities;

6 (b) Regular property taxes not to exceed one dollar and fifty cents
7 per thousand dollars of assessed valuation.

8 (2) Revenues derived from these charges, fees, and taxes may be
9 used only for district purposes, including but not limited to making
10 payments to the annexing city or county to be used to pay principal and
11 interest on special revenue bonds or general obligation bonds issued by
12 the city or county to finance annexation capital facilities.

13 (3) The limitation in RCW 84.55.010 does not apply to the first
14 regular property tax levy imposed under this section following the
15 formation of an annexation capital facilities district.

16 NEW SECTION. **Sec. 7.** (1) An annexation capital facilities
17 district may enter into agreements with the annexing city, a county,
18 the state of Washington, or any state financing authority to pledge
19 taxes or other revenues of the district for the purpose of paying in
20 part or whole principal and interest on bonds or other evidences of
21 indebtedness issued by the annexing city, the county, the state of
22 Washington, or any state financing authority to complete any portion of
23 the annexation capital facilities plan. The agreements pledging
24 revenues and taxes are binding for their terms, but not to exceed
25 twenty years.

26 (2) After the effective date of the annexation of the territory
27 within the annexation capital facilities district, revenues collected
28 by the district may be used solely to make payments required under a
29 pledging agreement or to fund the continued operation and maintenance
30 of annexation capital facilities.

31 NEW SECTION. **Sec. 8.** (1) An annexation capital facilities
32 district may be dissolved by a majority vote of the governing body when
33 all obligations of the annexation capital facilities district relating
34 to bonds issued to finance the annexation capital facilities have been
35 discharged and all other contractual obligations of the annexation

1 capital facilities district have either been discharged or assumed by
2 another governmental entity.

3 (2) An annexation capital facilities district must be automatically
4 dissolved on the date that is ninety days after (a) all of the
5 territory included within the district has been annexed into a city and
6 those annexations have become effective; and (b) all obligations have
7 been discharged or assumed by another governmental entity as described
8 in subsection (1) of this section.

9 **Sec. 9.** RCW 84.52.043 and 2005 c 122 s 3 are each amended to read
10 as follows:

11 Within and subject to the limitations imposed by RCW 84.52.050 as
12 amended, the regular ad valorem tax levies upon real and personal
13 property by the taxing districts hereafter named shall be as follows:

14 (1) Levies of the senior taxing districts shall be as follows: (a)
15 The levy by the state shall not exceed three dollars and sixty cents
16 per thousand dollars of assessed value adjusted to the state equalized
17 value in accordance with the indicated ratio fixed by the state
18 department of revenue to be used exclusively for the support of the
19 common schools; (b) the levy by any county shall not exceed one dollar
20 and eighty cents per thousand dollars of assessed value; (c) the levy
21 by any road district shall not exceed two dollars and twenty-five cents
22 per thousand dollars of assessed value; and (d) the levy by any city or
23 town shall not exceed three dollars and thirty-seven and one-half cents
24 per thousand dollars of assessed value. However any county is hereby
25 authorized to increase its levy from one dollar and eighty cents to a
26 rate not to exceed two dollars and forty-seven and one-half cents per
27 thousand dollars of assessed value for general county purposes if the
28 total levies for both the county and any road district within the
29 county do not exceed four dollars and five cents per thousand dollars
30 of assessed value, and no other taxing district has its levy reduced as
31 a result of the increased county levy.

32 (2) The aggregate levies of junior taxing districts and senior
33 taxing districts, other than the state, shall not exceed five dollars
34 and ninety cents per thousand dollars of assessed valuation. The term
35 "junior taxing districts" includes all taxing districts other than the
36 state, counties, road districts, cities, towns, port districts, and
37 public utility districts. The limitations provided in this subsection

1 shall not apply to: (a) Levies at the rates provided by existing law
2 by or for any port or public utility district; (b) excess property tax
3 levies authorized in Article VII, section 2 of the state Constitution;
4 (c) levies for acquiring conservation futures as authorized under RCW
5 84.34.230; (d) levies for emergency medical care or emergency medical
6 services imposed under RCW 84.52.069; (e) levies to finance affordable
7 housing for very low-income housing imposed under RCW 84.52.105; (f)
8 the portions of levies by metropolitan park districts that are
9 protected under RCW 84.52.120; (g) levies imposed by ferry districts
10 under RCW 36.54.130; (h) levies for criminal justice purposes under RCW
11 84.52.135; (~~and~~) (i) the portions of levies by fire protection
12 districts that are protected under RCW 84.52.125; and (j) levies by
13 annexation capital facilities districts under section 6 of this act.

14 NEW SECTION. Sec. 10. This act takes effect July 1, 2006, only if
15 chapter . . . (House Bill No. . . . (H-4482.1/06)), Laws of 2006 is
16 signed by the governor. If chapter . . . (House Bill No. . . .
17 (H-4482.1/06)), Laws of 2006 is not signed by the governor by July 1,
18 2006, this act is null and void.

19 NEW SECTION. Sec. 11. If any provision of this act or its
20 application to any person or circumstance is held invalid, the
21 remainder of the act or the application of the provision to other
22 persons or circumstances is not affected.

23 NEW SECTION. Sec. 12. Sections 1 through 8, 10, and 11 of this
24 act constitute a new chapter in Title 35 RCW.

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